

LOAN AGREEMENT

THIS AGREEMENT made as of the 31st day of March, 2021.

B E T W E E N:

SUNRITE GREENHOUSES LTD.,

a corporation incorporated under the laws of the Province of Ontario,

(herein called the “**Lender**”),

- and -

GREENWAY GREENHOUSE CANNABIS CORPORATION,

a corporation incorporated under the laws of the Province of Ontario,

(herein called the “**Borrower**”)

THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

The following terms shall for all purposes of this agreement, or any amendment hereto, have the respective meanings set forth below unless the context otherwise specifies or requires or unless otherwise defined herein:

“**Banking Day**” means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario.

“**Default**” means any event which is or which, with the passage of time, the giving of notice or both, would be an Event of Default.

“**Event of Default**” means any one of the events set forth in section 5.01.

“**Loan Documents**” means this agreement and any document delivered in connection with this agreement.

“**Loan Facility**” means the non-revolving term loan facility made available by the Lender to the Borrower as described in section 2.01 and defined therein.

“**Loan**” means monies lent by the Lender to the Borrower hereunder in Canadian dollars under the Loan Facility and upon which interest accrues at a rate equal to 5.5% per annum.

1.02 **Applicable Law**

This agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto do hereby attorn to the jurisdiction of the courts of the Province of Ontario.

1.03 **Consents and Approvals**

Whenever the consent or approval of a party hereto is required in a particular circumstance, such consent or approval shall not be unreasonably withheld or delayed by such party.

1.04 **Plural and Singular**

Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.05 **Headings**

The division of this agreement into Articles and sections and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.06 **Other Usages**

References to “this agreement”, “the agreement”, “hereof”, “herein”, “hereto” and like references refer to this Loan Agreement and not to any particular Article, section or other subdivision of this agreement.

1.07 **Time of the Essence**

Time shall in all respects be of the essence of this agreement and no extension or variation of this agreement or of any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 - LOAN FACILITY

2.01 **Establishment of Loan Facility**

Subject to the terms and conditions hereof, the Lender hereby establishes in favour of the Borrower a non-revolving term loan (the “**Loan Facility**”) in the amount of \$4,900,000, advanced in full to the Borrower as of the date hereof (the “**Principal**”).

2.02 **Time and Place of Payments**

Unless otherwise expressly provided herein, the Borrower shall make all payments pursuant to this agreement or pursuant to any document, instrument or agreement delivered pursuant hereto by delivery of a cheque or wire transfer to the Lender before 1:00 p.m. (Toronto time) on the day specified for payment. Any such payment received on the day specified for such payment but after 1:00 p.m. (Toronto time) thereon shall be deemed to have been received prior to 1:00 p.m. (Toronto time) on the Banking Day immediately following such day specified for payment.

2.03 Evidence of Indebtedness

The Lender shall maintain records wherein the Lender shall record the amount of outstanding advances, each payment of Principal and Interest on account of the Loan and all other amounts becoming due to and being paid to the Lender hereunder. The Lender's records constitute, in the absence of manifest error, prima facie evidence of the indebtedness of the Borrower to the Lender pursuant to this agreement.

2.04 Priority

The Lender acknowledges and agrees that the Loan and any security provided in respect thereof shall represent a second charge against the assets of the Borrower and the Borrower's obligations to the Lender hereunder shall be subordinated and postponed to the Bank of Montreal pursuant to the provisions of an amended and restated subordination and postponement agreement provided by the Lender to Bank of Montreal as of the date hereof (the "**Subordination and Postponement Agreement**").

ARTICLE 3 - INTEREST AND FEES

3.01 Interest Rates

The Principal amount outstanding from time to time under the Loan Facility and the amount of overdue interest from time to time shall bear interest at a rate equal to 5.5 percent per annum.

3.02 Calculation of Interest

Interest on the outstanding Principal amount from time to time of the Loan and on the amount of overdue interest thereon from time to time shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed divided by the actual number of days in the year and shall be compounded annually.

3.03 Payment of Interest

Interest, calculated at the aforesaid rate and in the aforesaid manner on the unpaid portion from time to time outstanding under the Loan Facility shall be payable to the Lender in arrears (the "**Interest**"):

(a) for the period commencing April 1, 2021 and ending March 31, 2022, quarterly (the "**First Year**");

(b) for the period commencing April 1, 2022 and thereafter, monthly.

ARTICLE 4 - REPAYMENTS AND PREPAYMENTS

4.01 Repayment of Interest and the Loan Facility

Only Interest and no Principal shall be payable during the First Year.

Beginning on April 1, 2022, the Principal owing on the Loan shall be payable in 120 equal consecutive monthly payments of \$40,833.33 plus Interest.

4.02 **Prepayments**

The Loan may not be prepaid by the Borrower without the prior written consent of the Lender and at all times in compliance with the Subordination and Postponement Agreement.

ARTICLE 5 - DEFAULT AND REMEDIES

5.01 **Events of Default**

Upon the occurrence of any one or more of the following events:

- (a) the non-payment of any amount due hereunder which is not paid within ten (10) Banking Days after written notice to do so by the Lender;
- (b) the commencement of proceedings for the dissolution, liquidation or winding-up of the Borrower or for the suspension of the operations of the Borrower unless such proceedings are being contested in good faith by the Borrower by proper legal proceedings;
- (c) the Borrower admits its inability to pay its debts generally as they become due, or fails to pay its debts generally as they become due, or ceases or threatens to cease to carry on its business, or is adjudged or declared bankrupt or insolvent, or makes an assignment for the general benefit of creditors, or petitions or applies to any tribunal for the appointment of a receiver or trustee for it or for any part of its property, or commences any proceedings relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or by any act indicates its consent to, approval of, or acquiescence in, any such proceeding for it or for any part of its property, or suffers the appointment of any receiver or trustee;
- (d) the breach or failure of due observance or performance by the Borrower of any covenant or provision of any Loan Document other than those heretofore dealt with in this section 5.01, or of any other document, agreement or instrument delivered pursuant hereto or referred to herein which is not remedied by the Borrower within fifteen (15) Banking Days after written notice to do so by the Lender;
- (e) if there occurs, in the opinion of the Lender, acting reasonably, a materially adverse change in the financial condition or operation of the Borrower; or
- (f) if any creditor of the Borrower takes any action to realize upon any assets of the Borrower, unless the same is being actively or diligently contested by the Borrower in good faith;

the Lender may, by notice to the Borrower, declare all indebtedness of the Borrower to the Lender pursuant to this agreement to be immediately due and payable whereupon all such indebtedness shall immediately become and be due and payable without further demand or other notice of any kind, all of which are expressly waived by the Borrower. The Lender shall thereafter be entitled to take any action, remedy or proceeding authorized pursuant to the Loan Documents, at law or in equity. The foregoing provisions of this Section 5.01 shall be subject to

the terms of the Amended and Restated Subordination and Postponement Agreement, for so long as it is in effect.

ARTICLE 6 - MISCELLANEOUS

6.01 Waivers and Amendments

No failure or delay by the Lender in exercising any right hereunder shall operate as a waiver of such right nor shall any single or partial exercise of any power or right hereunder preclude its further exercise or the exercise of any other power or right. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant or condition of this agreement is not a waiver of any subsequent default and any indulgence by the Lender with respect to any failure to strictly observe, perform or comply with any term, covenant or condition of this agreement is not a waiver of the entire term, covenant or condition or any subsequent default. Any term, covenant, agreement or condition of this agreement may only be amended with the unanimous consent of all of the parties hereto or compliance therewith may only be waived (either generally or in a particular instance and either retroactively or prospectively) by the Lender.

6.02 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to the addressee or if the addressee is a corporation, to an officer or other responsible employee of the addressee, or sent by telefacsimile or other direct written electronic means, charges prepaid, at or to the applicable addresses or telefacsimile numbers, as the case may be, set opposite the party's name on a signature page hereof or at or to such other address or addresses, telefacsimile number or numbers as any party hereto may from time to time designate to the other parties in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Banking Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of delivery. Any communication which is transmitted by telefacsimile or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Banking Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of transmission.

6.03 Severability

Any provision hereof which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

6.04 Successors and Assigns

This agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

6.05 Assignment

Neither this agreement nor the benefit thereof may be assigned by the Borrower without the prior written consent of the Lender. The rights and obligations of the Lender hereunder may be assigned or participated by the Lender in whole or in part to any affiliate of a shareholder of the Lender.

6.06 Further Assurances

The Borrower shall do, execute and deliver or shall cause to be done, executed or delivered all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this agreement and to each and every provision hereof.

6.07 Entire Agreement

This agreement and the agreements referred to herein and delivered pursuant hereto constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

SUNRITE GREENHOUSES LTD.

By: “*Jamie D’Alimonte*”

**GREENWAY GREENHOUSE CANNABIS
CORPORATION**

By: “*Darren Peddle*”